

To the Members of the California State Assembly:

I am returning Assembly Bill 1418 without my signature.

This bill would require the Department of Financial Institutions to develop a Credit Union Membership Investment Model to encourage state-chartered credit unions to identify best practices within the credit union industry. The bill would also require the Secretary of Business, Transportation and Housing to prepare a list of significant commitments made by federally- and state-chartered banks related to community investment.

The department is a regulatory agency whose core mission is to enforce our state's banking laws and ensure that state-chartered banks and credit unions engage in sound fiscal and business practices. Neither major provision of this bill are consistent with the mission of the government agencies tasked with these responsibilities. It is additionally unclear that any of the activities envisioned in this bill would actually help in any material way the intended beneficiaries or that these activities are not better suited for the marketplace to act upon.

Sincerely,

Arnold Schwarzenegger